

Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 IOE-00 AF-04 ARA-06 EA-06 NEA-06

RSC-01 OIC-02 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00 LAB-04

SIL-01 XMB-02 AGR-05 SWF-01 OPIC-03 L-02 H-01 CIAE-00

DODE-00 INR-05 NSAE-00 PA-01 USIA-06 PRS-01 CEQ-01

EPA-01 OES-03 INT-05 FEA-01 /129 W
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E.O. 11652: N/A

TAGS: EAID EGEN OCON UNIDO

SUBJECT: UNIDO - PERMANENT COMMITTEE FIFTH SESSION:

DECLARATION OF PRINCIPLES ON INDUSTRIAL
DEVELOPMENT AND PLAN OF ACTION - GROUP B
DRAFT CIRCULATED

REF: (A) OECD PARIS 27747; (B) VIENNA 10229

SUMMARY. IN THREE DAYS OF MEETINGS, GROUP B PREPARED
REVISED DRAFT ON THE DECLARATION AND PLAN OF ACTION
WHICH WAS DISTRIBUTED TO OTHER DELEGATIONS DEC. 9 AS
A CONFERENCE PAPER. PRINCIPAL DIFFERENCES AMONG
GROUP B DELEGATIONS CENTERED ON A) RESTRUCTURING OF
INTERNATIONAL INDUSTRY, B) ADJUSTMENT ASSISTANCE
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MEASURES IN DEVELOPED COUNTRIES, AND C) POSSIBLE

INTERGOVERNMENTAL CONSULTATIONS ON INDUSTRY. FIRST REACTIONS FROM SOME GROUP OF 77 DELEGATES INDICATE THEIR DISAPPOINTMENT THAT DOCUMENT CONTAINS NO SIGNIFICANT NEW PROPOSALS. OECD SECRETARIAT ASSISTANCE WAS MOST IMPORTANT IN THE WHOLE OPERATION OF HARMONIZING VIEWS TO PRODUCE SUBJECT PAPER. END SUMMARY.

1. STARTING POINT FOR GRUOP B DISCUSSIONS WAS OECD SECRETARIAT DRAFT PAPER PROVIDING MATERIAL FOR A DECLARATION AND PLAN OF ACTION, CES/UN(74)13 PREPARED IN THE LIGHT OF DISCUSSIONS AMONG GROUP B COUNTRIES AT THE NOV. 18-19 OECD AD HOC MEETING (SEE REFTEL A). IN ITS CAUCUS DEC. 5-7 GRUOP B HAMMERED OUT, PARAGRAPH BY PARAGRAPH, A PAPER WHICH IS SUBSTANTIALLY A GROUP B DRAFT OF THE DECLARATION AND PLAN OF ACTION TO BE ADOPTED AT UNIDO-II. ENTITLED "PRELIMINARY NOTES FOR A DECLARATION AND PLAN OF ACTION," IT WAS DISTRIBUTED DEC. 9 AS AN AD REFERENDUM DOCUMENT TO ALL DELEGATIONS WITH THE INTENT OF INFLUENCING AND POSSIBLY MODERATING THE DECLARATION AND PLAN OF ACTION STILL BEING DRAFTED BY THE GROUP OF 77. SOME DELEGATES FROM GRUOP OF 77 HAVE SOUGHT US OUT TO EXPRESS THEIR DISAPPOINTMENT THAT GROUP B PAPER CONTAINS NO NEW PROPOSALS TO DEAL WITH THEIR PROBLEMS.

2. THE GROUP B DECLARATION OF PRINCIPLES ON INDUSTRIAL DEVELOPMENT CONTAINS 16 PARAGRAPHS SETTING OUT SUCH MATTERS AS THE RIGHT AND RESPONSIBILITY OF EACH STATE TO DETERMINE ITS OWN INDUSTRIALIZATION POLICIES, THE OBJECTIVES OF INDUSTRIALIZATION AS THE WELL-BEING OF THE PEOPLE, AND THR ROLE IN THE INDUSTRIALIZATION OF DEVELOPING COUNTRIES OF INTER-NATIONAL COOPERATION AND ASSISTANCE. THE PLAN OF ACTION IN 66 PARAGRAPHS IS DIVIDED INTO SECTIONS ON 1) GENERAL INDUSTRIAL POLICIES, 2) EXTERNAL OFFICIAL RESOURCES, 3) INVISTMENT, 4) TRADE, 5) EXPORT PROMOTION, 6) AGRO-RELATED AND TRANSFORMATION INDUSTRIES, 7) TECHNOLOGY, 8) ENVIRONMENTAL POLICIES, 9) SPECIAL MEASURES FOR LEAST DEVELOPED COUNTRIES, 10) CONSERVA-TION AND ECONOMIC USE OF NATURAL RESOURCES, AND LIMITED OFFICIAL USE

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11) INTERNATIONAL INDUSTRIAL COOPERATION. (SECTION 10 WAS INTRODUCED AND ITS INCLUSION URGED BY THE FRENCH.) COPIES OF GROUP B PAPER AIR POUCHED TO EB/OT/GCP WITH INSTRUCTIONS DISTRIBUTE TO IO/CMD AND AID/PPC.

3. IN GENERAL DELEGATES OF NETHERLANDS AND IRELAND, ACTING UNDER EXPLICIT INSTRUCTIONS, ATTEMPTED TO HAVE GROUP B ADOPT MORE POSITIVE AND FORTHCOMING LANGUAGE

ON VARIOUS POINTS REGARDING DEVELOPED COUNTRY COMMIT-
MENT TO THE INDUSTRIALIZATION OF DEVELOPING COUNTRIES,
THAN MOST DELEGATIONS PREPARED TO ACCEPT. UK, US,
FRG AND SWITZERLAND WERE UNWILLING TO ACCEPT LANGUAGE
WHICH IMPLIED COMMITMENTS GOING BEYOND THEIR GOVERN-
MENTS' PRESENT POSITIONS. SWEDEN, NEW ZEALAND, NORWAY
AND CANADA FREQUENTLY TOOK A MIDDLE GROUND, BUT
REMAINED BASICALLY CAUTIOUS ABOUT LANGUAGE WHICH
MIGHT COMMIT THEIR COUNTRIES BEYOND PREVIOUSLY
DEVELOPED POSITIONS.

4. GREATEST DIFFERENCES IN POINT OF VIEW DEVELOPED
AROUND SECTION XII OF THE OECD PAPER, "INTERNATIONAL
INDUSTRIAL COOPERATION AND ESTABLISHMENT OF A NEW
INDUSTRIAL STRUCTURE," ESPECIALLY PARAGRAPHS 77 AND
78 DEALING WITH RESTRUCTURING OF DEVELOPED COUNTRY
INDUSTRIES THROUGH TRANSFER OF HIGHLY LABOR INTENSIVE
PRODUCTION TO DEVELOPING COUNTRIES AND WITH CONSULTA-
TIONS AMONG COUNTRIES ON STRUCTURAL CHANGES IN THE
WORLD ECONOMIC ORDER. UK DELEGATE REFUSED TO ACCEPT
THESE TWO PARAGRAPHS, WHILE DELEGATES OF IRELAND AND
NETHERLANDS SAID THEY WERE UNDER INSTRUCTIONS TO HAVE
THEM INCLUDED. THE NEGOTIATED RESULT IS PARAS 74 AND
75 OF THE GROUP B PAPER TO WHICH ALL DELEGATIONS,
INCLUDING THE US, CONTRIBUTED AT ONE TIME OR ANOTHER.
THE DISCUSSIONS CENTERED ON THE OBJECTIVES OF NATIONAL
ADJUSTMENT ASSISTANCE MEASURES AND WHETHER THESE COULD
BE COMMITTED TO ASSIST IN MAKING ROOM FOR THE EXPANSION
OF DEVELOPING COUNTRIES' EXPORTS AND THEREBY
THEIR INDUSTRIALIZATION. US AND UK WERE MOST VOCAL IN
OBJECTING TO ANY LANGUAGE THAT MIGHT CARRY SUCH AN

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INFO USMISSION EC BURSELS

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IMPLICATION. UK REFUSED TO ACCEPT ANY LANGUAGE
IMPLYING TRANSFER OF INDUSTRIES THROUGH OTHER THAN THE
MARKET MECHANISM AND WAS SUPPORTED BY OTHER DELS
INCLUDING THE US. US ALSO OBJECTED TO INCLUSION OF
PARAS 75 AND 76 OF OECD DOCUMENT, BUT ACCEPTED THEM
(PARAS 77 AND 78 OF GROUP B PAPER) AT URGING OF OTHER
DELEGATIONS AND WHEN IT WAS POINTED OUT THAT PARA 75
HAD BEEN ACCEPTED BY US IN UNCTAD RESOLUTION 72(III).
POINT MOST DEBATED WAS ROLE OF POSSIBLE CONSULTATIONS
AMONG GOVERNMENTS ON INDUSTRIAL STRUCTURE. A NUMBER OF
DELEGATIONS WERE WILLING TO ADOPT LANGUAGE SUGGESTING
THE POSSIBILITY OF CONSULTATIONS ON THE INTERNATIONAL
INDUSTRIAL STRUCTURE, WHILE OTHERS, WHO ARGUED SUCCESS-
FULLY, INSISTED THAT CONSULTATIONS SHOULD BE LIMITED TO
THE DISCUSSION OF FACILITATING THE ESTABLISHMENT
OF NEW INDUSTRIAL STRUCTURES IN DEVELOPING COUNTRIES.
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NO DELEGATION IN THE FINAL ANALYSIS WAS WILLING TO SEE
ITS COUNTRY'S INDUSTRIAL STRUCTURE SUBJECT TO CONSLTA-
TIONS AS PROPOSED BY THE UNIDO SECRETARIAT PAPER
ID/B/C.3/27.

5. US DEL SUCCESSFULLY BLOCKED A NETHERLANDS' PROPOSED
PARA WHICH SAID THAT IN ORDER TO STIMULATE DEVELOPMENT
OF AGRO-INDUSTRY IN DEVELOPING COUNTRIES, DEVELOPED
COUNTRIES SHOULD, ON A "PREFERENTIAL BASIS", ELIMINATE
THEIR BARRIERS TO PROCESSED AGRICULTURAL PRODUCTS. US
DEL POINTED TO THE SENSITIVITY OF TRADE IN THESE
PRODUCTS AND URGED THAT IF SUCH AN IDEA WERE TO BE
INCLUDED, THE REDUCTION OR ELIMINATION OF BARRIERS BE
IN THE CONTEXT OF THE MTN OR REFER TO THE POSSIBILITY
OF INCREASING THE NUMBER OF PROCESSED ARGICULTURAL
PRODUCTS INCLUDED IN THE GSP. NETHERLANDS WAS NOT
SUPPORTED BY OTHER EC COUNTRIES, BUT A COMPROMISE WAS
REACHED BY ADDING THE WORDS "ESPECIALLY FOR PROCESSED

AGRICULTURAL PRODUCTS" TO PARA 48 OF THE GROUP B PAPER
DELAING WITH THE GSP (THE PARA CONTAINS THE LANGUAGE
FROM THE AGREED PARA 18 OF THE MEXICO CITY DRAFT OF THE
CHARTER OF ECONOMIC RIGHTS AND DUTIES. NETHERLANDS
DEL STATED LATER THAT OTHER EC DELS WHOULD HAVE SUPPORTED
HIS PROPOSAL SINCE IT HAD BEEN AGREED WITHIN THE EC
THAT BARRIERS TO PROCESSED AGRICULTURAL PRODUCTS WILL BE
LOWERED ON A PREFERENTIAL BASIS FOR DEVELOPING COUNTRIES.

6. THE ASSISTANCE OF THE OECD SECRETARIATE IN PREPARING
THE TWO EARLIER DISCUSSION PAPERS MADE THE PREPARATION
OF THIS GROUP B PAPER POSSIBLE. IN ADDITION, THE
ASSISTANCE OF THE OECD SECRETARIAT AT THIS MEETING
(FRANCIS BLACK AND HIS ASSISTANT) WAS INVALUABLE IN THE
ACTUAL WORK OF DRAFTING AND PREPARATION OF THE FINAL TEXT.
WE UNDERSTAND, HOWEVER, THAT THE COORDINATING ROLE THAT
THE OECD SECRETARIAT HAS BEEN PLAYING FOR UNCTAD MEETINGS,
AND WHICH HAS BEEN EXTENDED ON AN AD HOC BASIS TO THESE
UNIDO MEETINGS, IS IN DANGER OF BEING ELIMINATED
FOR BUDGETARY REASONS. IN THE LIGHT OF THE INTEREST
SHOWN BY OURSELVES, AND THE EC IN THE RECENT US-EC
CONSULTATIONS, WITH REGARD TO COORDINATION ON ECONOMIC
QUESTIONS IN UN AND RELATED FORUMS, THIS WOULD SEEM
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TO BE A MOVE IN THE OPPOSIT DIRECTION TO WHICH OECD
MEMBER COUNTIES IN GROUP B HAVE BEEN GOING. WE WOULD
SUGGEST THAT CONSIDERATION BE GIVEN TO US SUPPORT FOR
A CONTINUING AND EXPANDED ROLE FOR THE OECD SECRETARIAT
IN COORDINATION AMONG GROUP B COUNTRIES. STIBRAVY

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